



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 31

[REG-151687-10]

RIN 1545-BJ98

Withholding on Payments by Government Entities to Persons Providing Property or Services

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Withdrawal of notice of proposed rulemaking.

SUMMARY: This document withdraws a notice of proposed rulemaking relating to withholding by government entities on payments to persons providing property or services. The proposed regulations are withdrawn because Public Law 112-56, “The 3% Withholding Repeal and Job Creation Act,” repealed the provision of the Internal Revenue Code underlying the proposed rules. The guidance affects government entities that would have been required to withhold and report tax from payments to persons providing property or services and also affects the persons receiving payments for property or services from these government entities.

FOR FURTHER INFORMATION CONTACT: A. G. Kelley, (202) 622-6040 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

Section 3402(t) of the Internal Revenue Code (Code) was added by section 511 of the Tax Increase Prevention and Reconciliation Act of 2005, Public Law 109-222

(TIPRA), 120 Stat. 345, which was enacted on May 17, 2006.

Section 102 of the 3% Withholding Repeal and Job Creation Act (Public Law 112-56, 125 Stat. 711), which was enacted on November 21, 2011, repealed section 3402(t) of the Code.

The Treasury Department and the IRS issued proposed regulations under section 3402(t), published in the **Federal Register** on May 9, 2011 (REG-151687-10, 76 FR 26678, 2011-23 IRB 867). This document withdraws those proposed regulations in light of the repeal of section 3402(t).

At the same time as the issuance of the proposed regulations, the Treasury Department and the IRS issued final regulations under sections 3402(t), 3406, 6011, 6051, 6071, and 6302 of the Code that were published in the **Federal Register** on May 9, 2011 (TD 9524, 76 FR 26583, 2011-23 IRB 843). A related document (TD 9586, REG-148417-11) removes the final regulations under section 3402(t) and makes conforming amendments to the regulations under other sections reflecting that removal.

List of Subjects in 26 CFR Part 31

Employment taxes, Fishing vessels, Gambling, Income taxes, Penalties, Pensions, Railroad retirement, Reporting and recordkeeping requirements, Social security, Unemployment compensation.

Withdrawal of Notice of Proposed Rulemaking

Accordingly, under the authority of 26 U.S.C. 7805, the notice of proposed rulemaking (REG-151687-10) that was published in the **Federal Register** on May 9, 2011 (76 FR 26678) is withdrawn.

Steven T. Miller

Deputy Commissioner for Services and Enforcement.

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